GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:99
ANSWERED ON:29.07.2005
HIDDEN CHARGES OF PRIVATE FOREIGN BANKS
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that many private and foreign banks are imposing high cost transaction on retail consumers and are not disclosing many hidden charges on retail loans like housing loans, automobile loans, etc.

(b) if so, whether the Government has issued any guidelines to those banks to ensure transparency and proper disclosure of information; and

(c) the action taken by the Government against banks which are misguiding and overcharging the general public?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (c) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.99 FOR 29th JULY 2005 REGARDING HIDDEN CHARGES OF PRIVATE/FOREIGN BANKS TABLED BY SHRI S.K. KHARVENTHAN

(a) & (b): Reserve Bank of India has issued the guidelines on Fair Practices Code for Lenders in May 2003. The Indian Banks` Association (IBA) has also prescribed the Fair Practice Code setting out standards of fair banking practices to be followed by the member banks while dealing with individual customers. The Fair Practice Code, inter- alia, prescribes that a customer should be given upfront details of all charges applicable to the products offered by a bank. RBI is also working out the modalities for setting up of the Banking codes and Standards Board of India in order to provide a comprehensive code of conduct for fair treatment of customers by the banks.

(c): Complaints received by the Government from individuals/organizations etc. are forwarded to the concerned banks for redressal / appropriate action. Apart from this, RBI has also set up Banking Ombudsmen for redressal of grievances of the customers.